



**STATE OF NEW JERSEY**

**Board of Public Utilities**

**Two Gateway Center**

**Newark, NJ 07102**

**[www.bpu.state.nj.us](http://www.bpu.state.nj.us)**

IN THE MATTER OF THE APPLICATION OF	)	<u>TELECOMMUNICATIONS</u>
VERIZON NEW JERSEY, INC. FOR THE	)	
APPROVAL OF THE SALE AND CONVEYANCE	)	ORDER OF APPROVAL
OF REAL PROPERTY LOCATED IN THE	)	
TOWNSHIP OF UNION, UNION COUNTY, NEW	)	
JERSEY TO UNION CENTER NATIONAL BANK	)	DOCKET NO. TM03060469

(SERVICE LIST ATTACHED)

BY THE BOARD

On June 23, 2003, Verizon New Jersey Inc. (Petitioner or VNJ) filed an application for Approval of the Sale and Conveyance of Real Property Located in the Township of Union, Union County, New Jersey to Union Center National Bank.

The property consists of a one story, 19,555 square foot building on approximately 1.816 acres of land, and was acquired by Bargain and Sales Deed, dated December 29, 1960, at a purchase price of \$175,000. The Net Book Value of the property as of May 2003, is \$1,209,691.94.

Given that the petitioner has no prospective use for the property for utility purposes, it was transferred to VNJ's Surplus Property account 2006 in December 2002, in preparation for marketing.

Welsh Chester Galiney Matone, Inc. (WCGM), a real estate appraiser, was requested to review the current market conditions and determine the value of the property. The appraiser used both comparative and income approaches to conclude, based on the available market data, that as of December 3, 2002, the market value of the property was \$1,050,000.

The filing also shows that the property had been advertised twice in March 2003. Eighteen (18) prospective buyers received bid packages. Four (4) bids were received. The highest bid was submitted by Union Center National Bank (\$2,301,000). This offer has been accepted by VNJ.

VNJ and Union Center National Bank have complied with all statutory requirements regarding sale of utility property as contained in N.J.A.C. 14:1-5.6 and N.J.S.A. 48:3-7, and there is no relationship between the parties other than that of transferor and transferee.

On August 7, 2003, the Ratepayer Advocate filed its comments stating that the profit from the sale of property should flow to ratepayers who have funded the assets. The Ratepayer further argued that in the absence of any sharing mechanism, it is appropriate to augment VNJ's Access New Jersey (ANJ) program with the profit from the sale. Ratepayer Advocate believes that the funding of ANJ program will provide benefits to all New Jersey consumers. However, the new Alternative Regulation Plan does not include an earnings sharing requirement, which is consistent with current trends in alternative price regulation. New Jersey was formerly the only state among those with alternative forms of price regulation to impose an earnings sharing requirement.

On August 12, 2003, VNJ filed its comments requesting that the Board reject the Advocate's objections and approve the sale of the property. VNJ argues that unlike other utilities VNJ is not currently regulated by traditional rate base regulation and it is neither ensured of a particular rate of return nor permitted to freely raise its rate when its costs increase. VNJ argues that the Board has recognized this distinction I/M/O Filing by Verizon New Jersey Inc. for Approval of Sale of Surplus Land to Plainfield-Hadley, LLC.U, Docket No. TM02050281.

In view of the foregoing, the Board FINDS that the proposed sale of said property will not affect Petitioner's ability to provide safe, adequate and proper service, is in the public interest and in accordance with law, and accordingly HEREBY APPROVES the sale, subject to the following conditions:

Petitioner is directed to advise the Board of the date on which the transaction is completed, within ten (10) days of completion;

this Order shall be of no effect, null and void, if the sale hereby approved is not completed within six (6) months of the date hereof unless otherwise ordered by the Board; and

the approval of the proposed journal entries recording the sale of this Property shall not affect or in any way limit the exercise of the authority of this Board, or of this State, in any future petition or in any proceeding with respect to rates, financing, accounting, capitalization, depreciation or in any other matters affecting Petitioner.

DATED: 9/11/03

BOARD OF PUBLIC UTILITIES  
BY:

(signed)  
JEANNE M. FOX  
PRESIDENT

(signed)  
FREDERICK F. BUTLER  
COMMISSIONER

(signed)  
CAROL J. MURPHY  
COMMISSIONER

(signed)  
CONNIE O. HUGHES  
COMMISSIONER

(signed)  
JACK ALTER  
COMMISSIONER

ATTEST:

(signed)  
KRISTI IZZO  
SECRETARY